



University of Pittsburgh

Chancellor of the University

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Patrick Gallagher
Chancellor

October 30, 2015

The Honorable Pat Toomey
United States Senate
248 Russell Senate Office Building
Washington, D.C. 20510

Dear Senator Toomey:

On behalf of the nearly 35,000 students enrolled at the University of Pittsburgh (Pitt), we sincerely thank you for your leadership in sponsoring S.1802, the Consumer Financial Choice and Capital Markets Protection Act of 2015, which has been referred to the Senate Banking, Housing, and Urban Affairs Committee. Pitt students and faculty, as well as the residents of the city of Pittsburgh, all greatly benefit from our world-class facilities financed primarily with tax-exempt bonds. Passage of S.1802 will enable us to continue cost-efficient funding of modern classrooms and facility upgrades, which foster new job growth and an expanded tax base for our local economy.

Pitt, like most other universities throughout the state, uses tax-exempt debt to finance various capital and public works projects. Money market funds (MMFs) are significant purchasers of tax-exempt obligations. Pitt is concerned that, without the passage of S.1802, MMFs may no longer purchase these debt obligations after October 2016, when the Securities and Exchange Commission (SEC) rule becomes effective. The SEC rule, in its current state, would increase project costs (reduced investor demand equates to higher interest rate costs for the issuer, strong credit ratings aside), and possibly delay the implementation of Pitt's capital plan, including campus preservation projects across our five-campus system.

In addition, Pitt relies on MMFs for short-term investing needs as a safe, liquid, and affordable cash management tool. These critical features enable Pitt to appropriately safeguard its financial assets (where capital preservation is guaranteed vis-à-vis a stable \$1.00 net asset value (NAV)), access operating cash (while not triggering taxable events with gains/losses), and effectively meet payroll and other payment obligations. Moreover, as a state-related university that is subject to stringent federal and state policies and legal restrictions on our investment options, MMFs provide that stable and low risk option. If the SEC's new floating NAV is

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imposed on MMFs beginning in 2016, Pitt, alongside many of its peer universities and colleges, will experience adverse effects from both debt-issuance and investor perspectives, as detailed herein.

For all of these reasons, we thank you again on your leadership with this issue, and commend you for sponsoring S.1802.

Sincerely,

A handwritten signature in black ink, appearing to read "Patrick Gallagher". The signature is stylized with a large initial "P" and a long horizontal stroke at the end.

Patrick Gallagher

c: Mike Ringler
Art Ramicone